

Message Text

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PAGE 01 STATE 200606
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FM SECSTATE WASHDC
TO AMEMBASSY BRUSSELS
USMISSION GENEVA

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LIMDIS; USMTN GENEVA; USEEC

E.O. 11652: N/A

TAGS: ETRD, MTN

SUBJECT: CVD WAIVER
FOR AMBASSADORS HINTON AND MCDONALD FROM AMBASSADOR WOLFF
1. THE FOLLOWING LETTER, DATED AUGUST 2, 1978, WAS
RECEIVED FROM HOUSE WAYS AND MEANS TRADE SUBCOMMITTEE
CHAIRMAN CHARLES VANIK FOR AMBASSADOR STRAUSS.

2. BEGIN TEXT

DEAR BOB ,

GIVEN OUR PREVIOUS CONVERSATION ON A POSSIBLE
EXTENSION OF THE COUNTERVAILING DUTY WAIVER, I WANTED YOU
TO KNOW ABOUT THE ATTACHED LETTER TO SECRETARY BLUMENTHAL.

WE APPRECIATE YOUR EXPLANATION OF THE DIFFICULTIES THE
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TERMINATION OF THE WAIVER POSES FOR THE TRADE NEGOTIATIONS
AT THIS CRUCIAL TIME. HOWEVER, IT IS OUR BELIEF THAT MANY
MEMBERS WOULD REACT NEGATIVELY TO SUCH AN EXTENSION. OUR
TRADING PARTNERS HAVE KNOWN ABOUT THE TERMINATION DATE FOR
ALMOST FOUR YEARS AND WE STILL DO NOT HAVE AN AGREEABLE
SUBSIDIES CODE IN HAND.

FURTHER, THE PRESENT LEGISLATIVE CLIMATE COULD BRING FORTH A RASH OF IMPORT RESTRICTIVE PROPOSALS AS AMENDMENTS TO A MEASURE TO EXTEND THE WAIVER SOUGHT BY THE ADMINISTRATION WHICH COULD LEAVE OUR WHOLE TRADE POSTURE IN DOUBT.

AS YOU RECOGNIZE SO WELL WHAT IS NEEDED IS AN AGREED TO SUBSIDIES CODE WITH A FIRM INTERNATIONAL DISCIPLINE.

3. END TEXT

4. BEGIN TEXT (BLUMENTHAL LETTER)

DEAR MR. SECRETARY:

AS YOU KNOW, THE AUTHORITY OF THE SECRETARY OF THE TREASURY UNDER SECTION 331 OF THE TRADE ACT OF 1974 TO WAIVE THE IMPOSITION OF COUNTERVAILING DUTIES UNDER CERTAIN CIRCUMSTANCES EXPIRES ON JANUARY 3, 1979. IN HIS TESTIMONY ON JULY 18 BEFORE THE COMMITTEE ON WAYS AND MEANS IN A HEARING ON THE STATUS OF THE MULTILATERAL TRADE NEGOTIATIONS (MTN) IN GENEVA, AMBASSADOR ROBERT S. STRAUSS EXPRESSED HIS PREFERENCE FOR A TEMPORARY EXTENSION OF THAT WAIVER AUTHORITY FOR A FEW MONTHS WHILE CONGRESS CONSIDERS LEGISLATION TO IMPLEMENT A CODE ON SUBSIDIES/COUNTERVAILING DUTIES CURRENTLY UNDER NEGOTIATION IN THE MTN.
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IT IS THE JUDGEMENT OF MOST MEMBERS OF THE SUBCOMMITTEE ON TRADE THAT THE POSSIBILITY OF CONGRESSIONAL APPROVAL OF A TEMPORARY EXTENSION OF THE WAIVER AUTHORITY THIS YEAR WOULD BE VIRTUALLY IMPOSSIBLE IN THE REMAINING LEGISLATIVE PERIOD GIVEN THE ABSENCE OF AN INTERNATIONAL AGREEMENT AS YET TO LIMIT THE EFFECTS OF SUBSIDY PRACTICES ON TRADE. FURTHERMORE, THERE IS THE SERIOUS RISK THAT ANY SUCH LEGISLATIVE INITIATIVE AT THIS TIME WOULD BECOME THE VEHICLE FOR IMPORT RESTRICTIVE AMENDMENTS WHICH WOULD JEOPARDIZE OR PRECLUDE A SUCCESSFUL OUTCOME TO THOSE NEGOTIATIONS AND TO THE MTN AS A WHOLE. I UNDERSTAND THAT MANY MEMBERS OF THE SENATE FINANCE COMMITTEE SHARE THIS CONCLUSION.

IN THE ABSENCE OF AN EXTENSION, CONGRESS WILL EXPECT THE TREASURY DEPARTMENT TO IMPOSE COUNTERVAILING DUTIES AS REQUIRED UNDER SECTION 331 ON NEXT JANUARY 4 IN THE AMOUNT OF ANY BOUNTY OR GRANT CONTINUING TO EXIST AS OF THAT DATE ON EACH PRODUCT SUBJECT TO AN AFFIRMATIVE COUNTERVAILING DUTY DETERMINATION ON WHICH THE WAIVER AUTHORITY HAS BEEN EXERCISED.

IN ANTICIPATION OF THAT ACTION AND TO ASSESS ITS
POSSIBLE CONSEQUENCES, I WOULD APPRECIATE YOUR PROVIDING
THE SUBCOMMITTEE ON TRADE A LIST OF THE PRODUCTS AND
COUNTRIES WHICH WILL BECOME SUBJECT TO COUNTERVAILING
DUTIES NEXT JANUARY 4 BASED ON CURRENT INFORMATION, AND A
DESCRIPTION OF THE PROCEDURAL STEPS YOU ARE UNDERTAKING
TO DETERMINE OR ESTIMATE THE NET AMOUNT OF EACH BOUNTY
OR GRANT SUFFICIENTLY IN ADVANCE OF JANUARY 4 TO ENSURE
THAT COUNTERVAILING DUTIES WILL ACTUALLY BE IMPOSED ON ANY
AFFECTED ARTICLES OR MERCHANDISE ENTERED, OR WITHDRAWN
FROM WAREHOUSE, FOR CONSUMPTION ON OR AFTER THAT DATE.

THANK YOU FOR YOUR COOPERATION IN THIS EFFORT.
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5. END TEXT. CHRISTOPHER

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